

Introduced by Senator Escutia

February 8, 2005

An act to add Section 2511.5 to the Revenue and Taxation Code, relating to property taxation.

LEGISLATIVE COUNSEL'S DIGEST

SB 155, as introduced, Escutia. Credit card cash rewards: payment of property taxes.

Existing law authorizes the payment of property taxes by, among other mediums of payment, credit cards and electronic fund transfers if county officials so authorize these mediums of payment.

This bill would authorize a county board of supervisors to authorize, by a majority vote of its entire membership, the acceptance of credit card cash reward points for the payment of property taxes. This bill would require a credit card issuer that offers cash reward points for this purpose to meet specified conditions. This bill would also state legislative findings and declarations regarding the bill's purposes.

Vote: majority. Appropriation: no. Fiscal committee: no. State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. The Legislature finds and declares all of the
- 2 following:
- 3 (a) A county credit card program could be a unique way for
- 4 credit cardholders that are property owners or business
- 5 establishments to earn "cash points" to pay their property taxes.
- 6 (b) The concept originates from a municipal credit card
- 7 program in the Canadian city of Vaughan, Ontario—the first of its
- 8 kind in North America.

1 (c) The program would be completely voluntary and
2 self-financing with no additional expenditures required by the
3 county.

4 (d) California county credit card programs could provide
5 benefits to not only cardholders, but also to counties and regional
6 businesses.

7 (e) Instead of allocating reward points to travel or
8 merchandise, as with conventional credit cards, county
9 cardholders could automatically allocate cash points to their
10 property tax obligations by linking to their property identification
11 number. Unlike some credit card rewards programs, there would
12 be no unused points.

13 (f) Wherever the card is used, nationally or internationally,
14 reward cash points would instantly be applied to the cardholder's
15 property tax obligation, which allows counties to receive
16 property taxes earlier than usual.

17 (g) Furthermore, if credit card issuers offer higher reward cash
18 points from using the card regionally, as opposed to nationally or
19 internationally, then businesses in the region could experience
20 economic growth.

21 (h) Existing law already authorizes a taxpayer to use credit
22 cards and electronic fund transfers for property tax payments, if
23 county officials authorize the practice.

24 (i) Therefore, the purpose of this act is to authorize a county to
25 accept cash rewards provided by credit card issuers as payment
26 for property taxes of cardholders, which will further all of the
27 following:

28 (1) Increased tax savings to cardholders by avoiding penalty
29 assessments resulting from late property tax payments.

30 (2) Allowing counties to receive property tax payments earlier
31 than usual.

32 (3) Stimulating growth of businesses in the region.

33 (4) Protecting consumers from unfair or deceptive acts or
34 practices by county credit card issuers.

35 SEC. 2. Section 2511.5 is added to the Revenue and Taxation
36 Code, to read:

37 2511.5. (a) A county board of supervisors may authorize, by a
38 majority vote of its entire membership, the acceptance of credit
39 card cash reward points for the payment of property taxes.

1 (b) (1) Notwithstanding subdivision (a), a county board of
2 supervisors shall not accept credit card cash reward points for the
3 payment of property taxes from a credit card issuer unless the
4 credit card issuer certifies to the county under penalty of perjury,
5 in the manner determined by the county, both of the following:

6 (A) That the credit card issuer will not engage in any unfair or
7 deceptive acts or practices with respect to a credit card it issues
8 that offers the use of cash reward points from the card for the
9 payment of property taxes in the county.

10 (B) That the credit card issuer does not increase the interest
11 rate on a credit card, the cash reward points from which may be
12 used for the payment of property taxes in the county, for any
13 reasons other than those set forth in the contract between the card
14 issuer and cardholder based upon an independent index and set
15 margin.

16 (2) For purposes of this subdivision, “unfair or deceptive acts
17 or practices” includes, but is not limited to, those acts and
18 practices that were identified as unfair or deceptive in the OCC
19 Advisory Letter (AL 2004-10) from the Office of the
20 Comptroller of Currency, dated September 14, 2004.